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MADSEN
RED LAKE GOLD
MINES,

L I M I T E D

ANNUAL REPORT
1972



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directors

PAUL H. McCLOSKEY, M.C., B.Sc. <i>Mining Executive</i>	Toronto
HOWARD S. ROBINSON, B.S., E.M. <i>Mine Consultant</i>	Chicago
HUGH H. MACKAY <i>Director of PITFIELD, MACKAY, ROSS & COMPANY LIMITED, STOCKBROKERS</i>	Rothsay, N.B.
FOSTER W. HEWITT <i>Radio Executive, President of RADIO STATION CKFH</i>	Toronto
DONALD W. FALCONER, Q.C. <i>Solicitor and Partner in HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON.</i>	Toronto

officers

PAUL H. McCLOSKEY, M.C., B.Sc., <i>President</i>	Toronto
HOWARD S. ROBINSON, B.S., E.M., <i>Vice-President</i>	Chicago
M. MASTERSON, <i>Secretary-Treasurer</i>	Toronto
W. A. MOORE, B.Sc., P.Eng., <i>Mine Manager</i>	Madsen

ANNUAL MEETING OF SHAREHOLDERS

Tuesday, June 12th, 1973, 11:00 o'clock in the forenoon
(Toronto Time), Upper Canada Room
King Edward Sheraton Hotel,
37 King Street East, Toronto, Canada.

REPORT OF THE DIRECTORS

To The Shareholders

Your Directors submit the Thirty-Seventh Annual Report which includes the Auditors' Financial Statements and the Mine Manager's Report covering the year ended December 31, 1972.

OPERATING RESULTS

The gross production was 37,696 ounces of gold compared to 44,497 ounces in 1971.

Bullion revenue was \$2,258,917.55 in contrast to \$1,583,484.23 last year.

Free gold prices soared to historic heights in 1972 and reached higher levels at this writing in 1973. The 1972 production was sold in the free market for an average price of \$59.64 per ounce. This compared with \$45.31 per ounce in 1971 which included benefits of \$9.98 per ounce received under the Emergency Gold Mining Assistance Act for production sold to the Royal Canadian Mint.

Taking into consideration interest and sundry income, operating profit was \$35,934.17 compared with \$72,284.65 in the previous year. Non-operating revenue was \$84,980.23 against \$62,202.58 in 1971.

After providing for depreciation, net loss was \$33,604.85 compared to \$5,121.87 in 1971. Net loss per share was 1 cent in 1972.

The major factors adversely affecting results were a shortage of underground miners, the impact of which cannot be overemphasized, higher costs and the lower grade of ore milled during the year.

ORE RESERVE

The potential Ore Reserve at year-end totalled 249,831 tons, grade 0.27 per ton or 66,244 ounces.

Ore was found in the No. 8 zone from the 23rd level upwards to within 30 feet of the 22nd level horizon. A stope 30 feet above the 23rd level and another half way between the 23rd and 22nd levels were being developed for mining.

While the precautionary measure was taken on May 15, 1972, to give the Federal Government the four months Notice of Closure, required under the Emergency Gold Mining Assistance Act, the record price for gold has made possible a continuation of the operation. However, the profitability factor will determine, ultimately, the life span of the mine.

FINANCIAL RESULTS

Working capital was \$2,150,024.95, representing a decrease of \$5,024.01 at year-end. The details are shown in the Statement of Source and Application of Funds.

In 1972 and 1971 depreciation was taken at 20% of the undepreciated costs of assets and amounted to \$69,539.02 compared to \$77,406.52, respectively.

Capital expenditures totalled \$40,845.91 in contrast to \$5,526.43 in 1971.

The ten-year financial summary is appended to this report.

OTHER INTERESTS

BAFFINLAND IRON MINES LIMITED — Your company has a 20.06% interest — 672,011 shares. Previous drilling indicated 123,500,000 tons of 68.13% iron. The updating of the 1966 feasibility study has been completed. Work continued during the year on various aspects of this project. The ultimate viability of the project will depend to a great extent on the solution of shipping problems and whether

supra-economic support on a large scale from the Federal Government can be justified for the establishment of an appropriate infrastructure.

POTASH — SASKATCHEWAN — The freehold acquisition totalling 4,390 acres of land is still retained by the company.

AVA GOLD MINING COMPANY LIMITED — Survey work was followed by diamond drilling in 1972 with negative results. At a meeting of shareholders held on March 19, 1973, approval was granted to wind up company affairs.

OUTSIDE EXPLORATION

Expenditures were \$3,546.11 compared to \$23,884.95 in 1971.

Certain reports of other properties were examined during the year but it should be noted that the major thrust in exploration activity was focussed on the development and search for new ore within the boundaries of the mine.

The option on the Pine claims, Red Lake, Ontario, was terminated.

An option was granted on the Lake-O claims, Sturgeon Lake, Ontario. Sufficient geophysical and geological work was performed to keep the claims in good standing at year-end.

GENERAL

Mr. W. A. Moore resigned as Mine Manager on December 4, 1972, and was replaced by Mr. J. A. Hambleton on February 1, 1973.

The Directors take this opportunity to express appreciation to all the employees for their loyal and efficient services rendered during the year.

1973 — FIRST QUARTERLY RESULTS — MARCH 31

After including interest and other income, operating profit was \$48,046.91 in contrast to an operating loss of \$157,018.47 in 1972. Non-operating revenue was \$18,616.47 against \$25,960.78 in 1972.

Net profit was \$33,402.65 compared to a net loss of \$173,149.72 in the same period last year.

Earnings per share were one cent compared to a loss of five cents for the first three months of 1972.

Revenue was \$78.67 per ounce of gold in contrast to \$48.39 in the similar period last year.

\$602,784 vs \$398,927

GOLD

In recent years the Madsen Annual Reports have contained material with respect to the monetary value and importance of gold as a reserve for world currencies. It was our view that a fiat money standard could not last and that unpopular control of wages and prices would result in black markets and trade wars. Devaluation of weak currencies would be necessary. The price of gold would increase. Convertibility from currencies to gold would be a must. Events are inevitably bringing about the fulfilment of these projections in the absence of any effective direction by regulatory governmental authorities. This evolution must continue until we have convertibility and tangible money value.

Respectfully submitted on behalf of the Board,

P. H. McCLOSKEY,
President.

Toronto, Ontario,
May 3, 1973.

REPORT OF THE MINE MANAGER

The President and Directors,
Madsen Red Lake Gold Mines, Limited,
Toronto, Canada.

Gentlemen:

The Thirty-Seventh Annual Report, covering the operations for the year ended December 31, 1972, is submitted for your consideration.

PRODUCTION

The following figures show the production for 1972 and comparable figures for 1971.

	1972	1971
Ounces of gold	37,695.642	44,496.620
Ounces of silver	6,375.66	7,383.35
Gross value of bullion	\$2,258,917.55	\$1,583,484.23
Average price gold/oz.	\$ 59.64	\$ 35.33*
E.G.M.A. gold/oz.	—	\$ 9.98
Average price silver/oz.	\$ 1.67	\$ 1.57

* Since the Company sold its entire production on the free market in 1972, it did not receive any benefits under the Emergency Gold Mining Assistance Act, compared to 1971 when it received \$444,000.00 or \$9.98 per ounce.

OPERATING COSTS

	1972			1971		
Tons Milled						
Ounces Produced						
	Total Cost	Per Ton Milled	Per Ounce	Total Cost	Per Ton Milled	Per Ounce
Property Exploration	\$ 21,387.27	\$ 0.155	\$ 0.567	\$ 29,826.37	\$ 0.204	\$ 0.670
Deferred Development	12,031.51	0.087	0.319	50,858.43	0.348	1.143
Mine Development	298,566.73	2.160	7.920	122,037.95	0.835	2.743
Mining	1,055,837.05	7.637	28.010	889,874.31	6.088	19.999
Crushing & Conveying	49,817.47	0.360	1.321	53,500.99	0.366	1.202
Milling	297,722.64	2.154	7.898	307,104.50	2.101	6.902
General Expense	231,395.14	1.674	6.139	233,425.53	1.597	5.246
Employee Benefits	270,341.98	1.955	7.172	266,872.95	1.826	5.997
Administration Expenses	56,578.76	0.409	1.501	53,108.01	0.363	1.193
Marketing Charges	14,285.06	0.103	0.378	10,793.12	0.074	0.243
	\$ 2,307,963.61	\$ 16.694	\$ 61.225	\$ 2,017,402.16	\$ 13.802	\$ 45.338
Deduct: Estimated E.G.M.A. ...				444,000.00	3.037	9.978
Net Operating Cost	\$ 2,307,963.61	\$ 16.694	\$ 61.225	\$ 1,573,402.16	\$ 10.765	\$ 35.360

MINE DEVELOPMENT

The following table shows the total footage of development work completed during 1972, with comparable footage for 1971, 1970 and total to date:

	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>Total to Date</u>
Shaft Sinking and Station Cutting	—	—	—	5,462
Crosscutting	527	992	1,178	39,770
Drifting	1,323	252	899	183,738
Raising	2,256	400	578	78,984
Diamond Drilling (Contract)	12,145	20,346	19,632	2,017,831
Diamond Drilling (Packsack)	8,191	10,952	10,723	335,906
Surface Drilling (Contract)	—	672	3,344	187,863
Draw Points	3	—	—	525
Ramps	—	17	223	240
Charging Stations, Sumps, etc.	308	—	—	308

The footages of development completed during the year are shown by levels in the following table:

<u>Level</u>	<u>Crosscutting</u>	<u>Drifting</u>	<u>Raising</u>
18			21.0
20			283.3
22	527.0	543.5	393
23		145.5	1,064.8
24		34.0	335.1
25		600.3	159.0
	<u>527.0</u>	<u>1,323.3</u>	<u>2,256.2</u>

The development and exploration costs increased to \$331,985.51 in 1972 from \$202,722.75 in 1971.

ORE ZONE NUMBER EIGHT

Active Working Places:

Mining started in June in the 25-0-8 stope, which together with the 24-0-8 stope now provides 25% of the mill feed. Mining proceeded smoothly in both working places during the year.

New Development:

85% of the development work required to outline the block of ore between the 23 and the 22 levels was completed by the end of the year. Block has reserves of 15,000 tons of 0.35 ounces per ton with an additional potential of 30,000 tons of similar grade.

MINING

Stoping operations were carried out from the 12 level to the 25 level inclusive, with 34.5% of the tonnage coming from above the 2650 horizon or 17 level.

Again the shortage of miners made it impossible to supply the mill with sufficient ore to operate the "B" unit of the mill at capacity. But the No. 8 zone stopes were operated on a 3 shifts per day basis during the year.

SOURCES OF ORE TO THE MILL

Ore Zone Number	Tons	*Grade	Ounces
1	26,305	.367	9,646.131
2	23,190	.213	4,930.251
3	53,055	.213	11,272.006
4	6,140	.328	2,013.448
7	1,075	.121	130.402
8	26,750	.422	11,298.321
No. 1 Shaft	1,175	.067	78.350
Total	137,690	.286	39,368.909

* The grade was adjusted to coincide with the calculated mill heads.

BACKFILL

73,080 tons of deslimed mill tailings were placed as backfill for a total of 2,086,930 tons to date, compared with 64,250 tons in 1971.

Beginning in May, development waste from underground was hoisted, crushed, coarse ground and classified in the "A" unit to produce additional backfill. In addition, a waste handling system was constructed on surface and a loader purchased, to handle waste from surface stockpiles whenever there is insufficient development waste.

The "A" unit in the mill treated 14,549 tons of waste to produce 8,295 tons of backfill or 12% of the total.

ORE RESERVES

The estimated potential ore reserves as at December 31, 1972, and comparable figures for 1971 are shown in the following table:

	December 31, 1972			December 31, 1971		
	Tons	Grade	Ounces	Tons	Grade	Ounces
Surface to 11th level	6,865	0.20	1,424	6,865	0.20	1,424
11th - 17th level	58,179	0.23	13,260	83,296	0.24	20,048
17th - 23rd level	113,091	0.28	31,236	101,997	0.25	25,818
23rd - 25th level	71,696	0.28	20,324	57,047	0.34	19,599
Total Reserves	249,831	0.27	66,244	249,205	0.268	66,889

MILLING

The milling data for the current year, the two previous years and the total to date are shown in the following table:

	1972	Year 1971	1970	Aug. 11, 1938 to Dec. 31, 1972
Dry Tons Treated	138,250	146,162	184,530	7,924,036
Percentage Operating Time of Total Time	87.4	90.1	82.2	92.1
Tons Treated per day	377.7	400.4	505.6	603.8
Mill Heads, ozs./ton	0.288	0.320	0.237	0.312
Mill Tails, ozs./ton	0.015	0.015	0.016	0.020
Percentage Recovery	94.82	95.14	93.19	93.70

The "B" unit of the mill operated continuously during the year. The "A" unit was only operated to produce extra backfill as needed.

LABOUR

There were 167 hirings and 158 separations during 1972 compared to 96 hirings and 115 separations in 1971. A comparison of the payroll strength for 1972 and 1971 is as follows:

	<u>December 31, 1972</u>	<u>December 31, 1971</u>
Salaried Employees	33	35
Hourly — Surface	61	77
— Underground	91	65
Totals	<u>185</u>	<u>177</u>

There was a total of 105 men, including supervision, geology and engineering, working for the mine, or 57% of the total.

SAFETY

There was a total of 6 compensable injuries for a frequency of .13 per million manhours in 1972, compared to 5 injuries and a frequency of .11 in 1971.

POLLUTION CONTROL

Two decant towers were built at the tailings dam to provide positive control of the settling basin.

CAPITAL EXPENDITURES

The total expenditures for buildings and equipment were as follows:

	<u>Buildings/ Installations</u>	<u>Equipment</u>	<u>Totals</u>
Surface	\$10,924.60	\$15,100.00	\$26,024.60
Underground	—	14,821.31	14,821.31
Total	<u>\$10,924.60</u>	<u>\$29,921.31</u>	<u>\$40,845.91</u>

GENERAL

Despite the 4 months notice of closure to the Department of Energy, Mines and Resources which was given on May 15th, and which was brought to the attention of the employees and the Union, and the change in management, morale continued high and there was a net gain in the number of employees at the end of the year.

Labour turnover continued to increase over 1971, despite the high unemployment rate in Canada and in Red Lake in particular. It was just more attractive for some men to draw unemployment insurance benefits or welfare than to work steadily.

The inventory of supplies and replacement parts was reduced from \$380,000.00 in January to \$307,000.00 at December 31st.

CONCLUSION

The support of the President and Directors and Officers of the Company, appreciation of the work of the Staff and employees at the mine, are gratefully acknowledged.

Yours very truly,

W. A. MOORE, B.Sc., P.Eng.,
Mine Manager.

Madsen, Ontario,
January 1973.

BALANCE SHEET

December 31,

ASSETS

CURRENT ASSETS

	1972	1971
Cash	\$ 281,410.70	\$ 214,976.42
Short term deposits	1,155,000.00	951,031.93
Bullion in transit	88,877.43	47,552.91
Accounts receivable	26,517.09	167,626.85
Gold assistance receivable	44,242.46	164,549.81
Marketable securities, at cost (Market value 1972 — \$269,287.25; 1971 — \$277,199.75)	334,942.14	382,582.77
Materials and supplies, at cost	385,030.01	416,901.86
Prepaid expense	17,630.42	11,353.01
	<u>2,333,650.25</u>	<u>2,356,575.56</u>

SHARES IN MINING COMPANIES, at cost

Baffinland Iron Mines Limited — 672,011 shares	568,387.25	568,387.25
Other	63,089.50	63,089.50
	<u>631,476.75</u>	<u>631,476.75</u>

PROPERTY, PLANT AND EQUIPMENT, at cost

Buildings, machinery and equipment	5,987,257.05	5,974,617.80
Less: Accumulated depreciation	5,709,100.97	5,664,991.71
	<u>278,156.08</u>	<u>309,626.09</u>
Mining property — Red Lake	1,688,319.58	1,688,319.58
	<u>1,966,475.66</u>	<u>1,997,945.67</u>

OTHER MINING PROPERTIES

Mining claims, at cost	43,024.50	48,824.38
Deferred exploration expenditure	23,869.83	34,316.32
	<u>66,894.33</u>	<u>83,140.70</u>
	<u>\$ 4,998,496.99</u>	<u>\$ 5,069,138.68</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1972

1. Share capital

- By an agreement dated March 25, 1970, the Company has granted a stock option to an officer of the Company on 35,000 shares of stock at \$1.07 per share exercisable on or before March 24, 1973.
- By an agreement dated February 9, 1973, the Company has granted a stock option to an officer of the Company on 50,000 shares of stock at \$0.55 per share, exercisable on or before February 8, 1976.

2. Statutory information

The aggregate direct remuneration paid to directors and senior officers of the Company was \$62,586.50 in 1972 and \$63,163.00 in 1971.

MADSEN RED LAKE GOLD MINES, LIMITED

(Incorporated under the laws of Ontario)

LIABILITIES

CURRENT LIABILITIES

	1972	1971
Accounts payable and accrued charges	\$ 149,589.07	\$ 169,770.39
Wages payable	34,036.23	31,756.21
	<u>183,625.30</u>	<u>201,526.60</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized

5,500,000 shares of \$1.00 each

Issued and fully paid

3,449,528 shares 3,499,528.00 3,499,528.00

Less: Discount on shares 1,390,160.50 1,390,160.50

2,109,367.50 2,109,367.50

RETAINED EARNINGS 2,705,504.19 2,758,244.58

4,814,871.69 4,867,612.08

Approved by the Board:

P. H. McCLOSKEY, Director.

D. W. FALCONER, Director.

\$ 4,998,496.99 \$ 5,069,138.68

AUDITORS' REPORT

To the Shareholders:
Madsen Red Lake Gold Mines, Limited.

We have examined the balance sheet of Madsen Red Lake Gold Mines, Limited as at December 31, 1972, and the statements of retained earnings, earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1972, and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 2, 1973.

GLENDINNING, JARRETT, GOULD & CO.,
Chartered Accountants.

MADSEN RED LAKE GOLD MINES, LIMITED

STATEMENT OF EARNINGS

for the year ended December 31,

	1972	1971
Bullion Production		
Gold	\$ 2,248,249.07	\$ 1,571,931.72
Silver	10,668.48	11,552.51
	2,258,917.55	1,583,484.23
Less: Marketing charges	14,285.06	10,793.12
	2,244,632.49	1,572,691.11
Operating and Administration Costs		
Mining	1,055,837.05	889,874.31
Crushing and milling	347,540.11	360,605.49
Mine development	331,985.51	202,722.75
Employee benefits	270,341.98	266,872.95
Management and general expense at the property	231,395.14	233,425.53
Administration	56,578.76	53,108.01
	2,293,678.55	2,006,609.04
Less: Estimated gold assistance		444,000.00
	2,293,678.55	1,562,609.04
Operating Profit (Loss)	(49,046.06)	10,082.07
Interest and Other Income, Net	84,980.23	62,202.58
	35,934.17	72,284.65
Depreciation	69,539.02	77,406.52
Net Loss	\$ 33,604.85	\$ 5,121.87
Net Loss Per Share	\$ 0.010	\$ 0.001

STATEMENT OF RETAINED EARNINGS

for the year ended December 31,

	1972	1971
Balance, beginning of year	\$ 2,758,244.58	\$ 3,116,257.31
Adjustment of prior years' expenses	656.94	6,427.57
	2,758,901.52	3,122,684.88
Net loss	33,604.85	5,121.87
Acquisition costs and exploration expenditures on mining claims abandoned	19,792.48	359,318.43
	53,397.33	364,440.30
Balance, end of year	\$ 2,705,504.19	\$ 2,758,244.58

MADSEN RED LAKE GOLD MINES, LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended December 31,

Source of Funds	1972	1971
From operations		
Net loss for year	\$ 33,604.85	\$ 5,121.87
Add: Depreciation	69,539.02	77,406.52
	35,934.17	72,284.65
Proceeds from sale of equipment	9,451.00	5,650.00
Prior years' adjustments		10,083.73
	45,385.17	88,018.38
Application of Funds		
Additions to buildings and equipment	40,845.91	5,526.43
Outside exploration	3,546.11	23,884.95
Purchase of shares in Baffinland Iron Mines Limited		1,104.00
Prior years' adjustments	6,017.16	
	50,409.18	30,515.38
Increase (Decrease) in Working Capital	(5,024.01)	57,503.00
Working Capital, Beginning of Year	2,155,048.96	2,097,545.96
Working Capital, End of Year	\$ 2,150,024.95	\$ 2,155,048.96

DISTRIBUTION OF GROSS INCOME

for the year ended December 31,

Gross Income	1972	1971
Bullion	\$ 2,258,917.55	\$ 1,583,484.23
Interest and other income, net	84,980.23	62,202.58
Estimated gold assistance		444,000.00
	\$ 2,343,897.78	\$ 2,089,686.81
Distribution		
Materials, supplies and general operating expenses	\$ 633,686.46	\$ 490,428.76
Salaries and wages	1,259,192.39	1,123,551.46
Hydro electric power	143,697.50	135,638.39
Workmen's compensation and silicosis insurance	92,524.55	104,847.19
Holidays with pay and unemployment insurance	78,136.10	71,129.11
Pension, group insurance and medical expense	56,826.30	52,676.50
Boarding house and employees' travel expense	43,900.31	39,130.75
Depreciation	69,539.02	77,406.52
Net (loss) for the year	(33,604.85)	(5,121.87)
	\$ 2,343,897.78	\$ 2,089,686.81

Our Ten Year

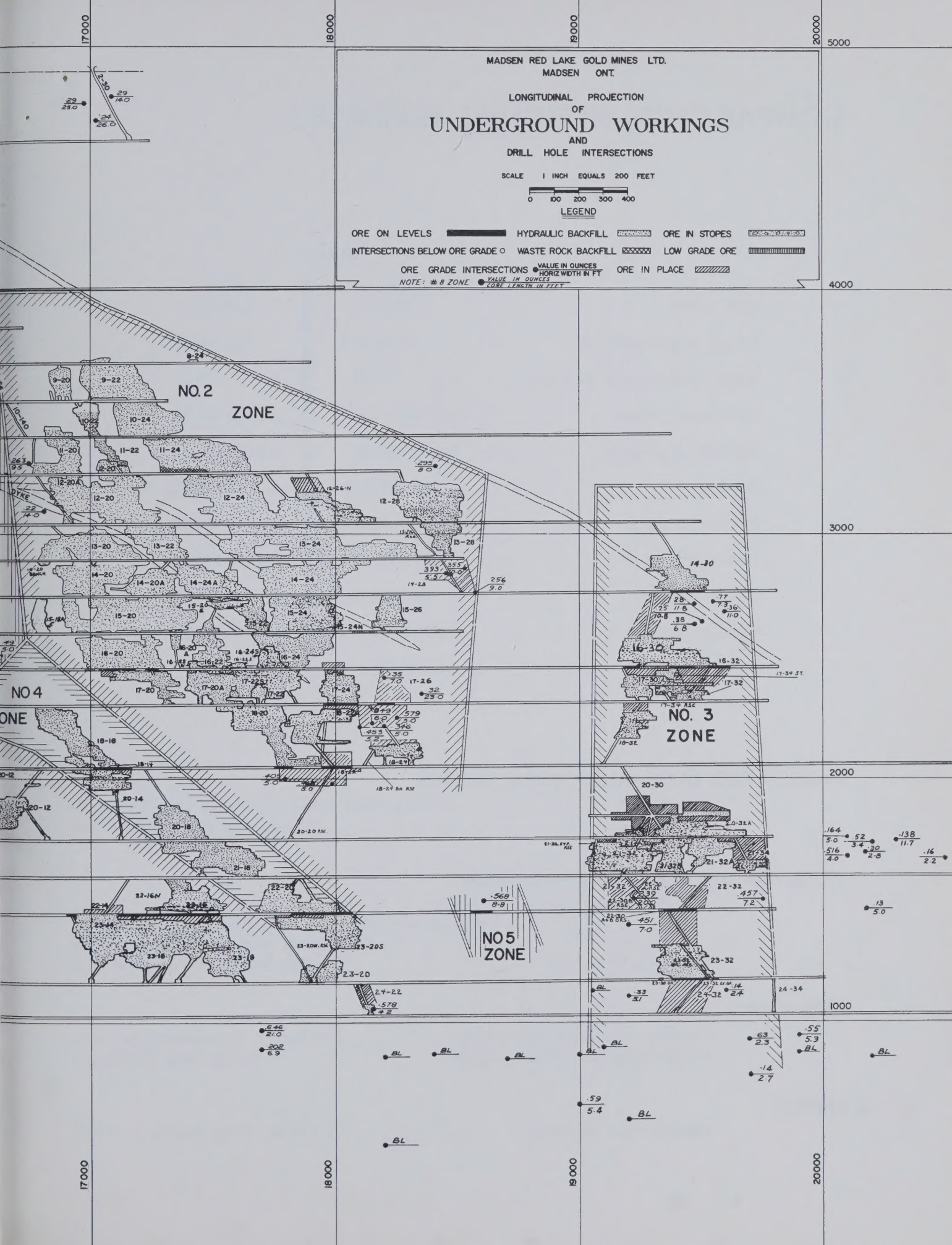
	1938-1972	1972	1971	1970
Ounces of gold produced	2,316,213.437	37,695.642	44,496.620	40,569.06
Tons of ore milled	7,924.036	138,250	146,162	184,530
Recovery value per tons milled	\$ 10.59	\$ 16.34	\$ 10.83	\$ 8.10
Average price of gold per ounce	\$ 36.06	\$ 59.64	\$ 35.33	\$ 36.49
Income from gold and silver	\$ 83,940,504.85	\$ 2,258,917.55	\$ 1,583,484.23	\$ 1,494,250.97
Operating and marketing costs	\$ 67,443,266.30	\$ 2,307,963.61	\$ 2,017,402.16	\$ 2,283,715.55
Operating profit (loss)	\$ 16,497,238.55	\$ (49,046.06)	\$ (433,917.93)	\$ (789,464.58)
Sundry income	\$ 1,170,419.09	\$ 84,980.23	\$ 62,202.58	\$ 58,371.14
Emergency gold mining assistance	\$ 7,922,300.00		\$ 444,000.00	\$ 416,600.00
Provision for taxes	\$ 3,955,719.90			—
Provision for depreciation	\$ 5,886,313.17	\$ 69,539.02	\$ 77,406.52	\$ 96,629.35
Net earnings (loss)	\$ 14,911,573.80	\$ (33,604.85)	\$ (5,121.87)	\$ (411,122.79)
Net earnings per ton	\$ 1.88	\$ (0.23)	\$ (.03)	\$ (2.23)
Net earnings per share	\$ 4.26	\$ (0.01)	\$ (.00)	\$ (.12)
Cash profits less net capital expenditure	\$ 13,009,229.42	\$ 993.15	\$ 48,523.27	\$ (451,879.12)
Dividends paid	\$ 10,444,891.08			\$ 104,985.84
Dividends paid per share	\$ 2.985			\$.03
Percentage of dividends paid to cash profits less net capital expendi- ture	\$ 80.29			—
Additions to fixed assets	\$ 5,987,257.05	\$ 40,845.91	\$ 5,526.43	\$ 49,350.15
AT END OF YEAR:				
Fixed assets at cost	\$ 5,987,257.05	\$ 5,987,257.05	\$ 5,974,617.80	\$ 6,004,702.43
Fixed assets less accumulated depreciation	\$ 278,156.08	\$ 278,156.08	\$ 309,626.09	\$ 386,517.39
Working capital	\$ 2,150,024.95	\$ 2,150,024.95	\$ 2,155,048.96	\$ 2,097,545.96
Number of employees		185	177	196

LAKE GOLD MINES, LIMITED

Operating Story

1969	1968	1967	1966	1965	1964	1963
60,579.378	56,196.218	70,032.531	69,999.031	87,632.198	94,868.822	107,130.856
238,473	265,268	277,566	246,505	292,681	305,823	306,247
\$ 9.66	\$ 8.08	\$ 9.60	\$ 10.78	\$ 11.36	\$ 11.78	\$ 13.28
\$ 37.70	\$ 37.70	\$ 37.77	\$ 37.73	\$ 37.73	\$ 37.75	\$ 37.75
\$ 2,302,950.62	\$ 2,141,924.67	\$ 2,665,637.73	\$ 2,657,165.51	\$ 3,326,452.29	\$ 3,603,396.77	\$ 4,067,473.77
\$ 2,645,183.27	\$ 2,699,063.09	\$ 2,731,293.97	\$ 2,656,484.09	\$ 2,981,326.38	\$ 3,388,586.47	\$ 3,423,769.72
\$ (342,232.65)	\$ (557,138.42)	\$ (65,656.24)	\$ 681.42	\$ 345,125.91	\$ 214,810.30	\$ 643,704.05
\$ 136,157.95	\$ 69,762.05	\$ 82,915.96	\$ 60,752.87	\$ 37,349.46	\$ 53,515.64	\$ 45,980.74
\$ 622,000.00	\$ 577,400.00	\$ 630,000.00	\$ 625,000.00	\$ 585,000.00	\$ 695,000.00	\$ 454,000.00
—	—	\$ 17,000.00	\$ 65,000.00	\$ 86,500.00	\$ 147,500.00	\$ 212,000.00
\$ 109,459.71	\$ 128,460.65	\$ 156,829.65	\$ 180,025.92	\$ 202,098.68	\$ 222,488.06	\$ 247,703.41
\$ 305,465.59	\$ (38,437.02)	\$ 473,430.07	\$ 441,408.37	\$ 678,876.69	\$ 593,337.88	\$ 683,981.38
\$ 1.28	\$ (.14)	\$ 1.70	\$ 1.79	\$ 2.32	\$ 1.94	\$ 2.23
\$.09	\$ (.01)	\$.14	\$.13	\$.19	\$.17	\$.20
\$ 269,972.64	\$ 29,755.34	\$ (76,020.27)	\$ 447,161.85	\$ 696,200.34	\$ 684,994.72	\$ 579,219.65
—	—	\$ 349,952.80	—	\$ 262,464.60	\$ 524,929.20	\$ 524,929.20
—	—	\$.10	—	\$.075	\$.15	\$.15
—	—	—	—	\$ 37.78	\$ 76.63	\$ 82.02
\$ 36,371.63	\$ 15,783.16	\$ 63,398.63	\$ 80,476.00	\$ 112,695.29	\$ 121,586.66	\$ 319,729.06
\$ 5,974,931.40	\$ 5,974,856.86	\$ 5,934,518.47	\$ 5,870,830.43	\$ 5,790,354.43	\$ 5,677,659.14	\$ 5,556,072.48
\$ 437,838.82	\$ 513,842.63	\$ 627,326.60	\$ 720,103.71	\$ 808,394.71	\$ 889,952.23	\$ 990,813.63
\$ 2,665,733.73	\$ 2,392,720.14	\$ 2,325,952.24	\$ 2,401,972.51	\$ 1,954,810.66	\$ 2,119,844.67	\$ 1,972,424.57
270	262	296	296	348	365	424

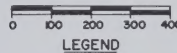




MADSEN RED LAKE GOLD MINES LTD.
MADSEN ONT.

LONGITUDINAL PROJECTION
OF
UNDERGROUND WORKINGS
AND
DRILL HOLE INTERSECTIONS

SCALE 1 INCH EQUALS 200 FEET



ORE ON LEVELS HYDRAULIC BACKFILL ORE IN STOPES
INTERSECTIONS BELOW ORE GRADE WASTE ROCK BACKFILL LOW GRADE ORE
ORE GRADE INTERSECTIONS VALUE IN OUNCES
NOTE: # 8 ZONE CORE LENGTH IN FEET

4000

3000

2000

1000

20000

19000

18000

17000

20000

19000

18000

17000

COMPARATIVE FINANCIAL SUMMARY

	December 31	
	1972	1971
Tons milled	138,250	146,162
Ounces of gold produced	37,695.642	44,496.620
Average price of gold per ounce	\$ 59.64	\$ 35.33
Valuation of bullion	\$ 2,258,917.55	\$ 1,583,484.23
Operating expenditures	\$ 2,307,963.61	\$ 2,017,402.16
Net loss	\$ (33,604.85)	\$ (5,121.87)
Net loss per share	\$ (0.010)	\$ (0.001)
Current assets	\$ 2,333,650.25	\$ 2,356,575.56
Current liabilities	\$ 183,625.30	\$ 201,526.60
Working capital	\$ 2,150,024.95	\$ 2,155,048.96
Shares issued	3,499,528	3,499,528

MADSEN RED LAKE GOLD MINES, LIMITED

HEAD OFFICE.....55 Yonge Street, Suite 1110, Toronto M5E 1J4 Canada.
MINE OFFICE.....Madsen P0V 2C0 Ontario, Canada

TRANSFER AGENTS AND REGISTRARS

GUARANTY TRUST COMPANY OF CANADA
88 University Avenue, 5th floor, Toronto M5J 1T6 Canada.
427 St. James Street West, Montreal, Canada.
THE BANK OF NEW YORK.....48 Wall Street, New York 10015, N.Y.

AUDITORS

GLENDINNING, JARRETT, GOULD & Co.....P.O. Box 11, Toronto-Dominion Centre,
SUCCESSORS TO NEFF, GOODWIN & Co. Toronto M5K 1A7 Canada.

LISTED

TORONTO STOCK EXCHANGE.....234 Bay Street, Toronto 1, Canada.

